

SILVER BOW CONDOMINIUM
OWNERS ASSOCIATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

Knaub & Company, P.C.
Certified Public Accountants

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Silver Bow Condominium Owners' Association

We have compiled the accompanying balance sheets of the **SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION** (a homeowners corporation) as of September 30, 2014 and 2013, and the related statements of revenues and expenses and changes in fund balance – historical and budgeted (2014 only) for the years then ended. The budgeted revenue and expense statement information and supplementary schedule of reserves is presented for supplementary analysis purposes only. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Association's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We are not independent with respect to Silver Bow Condominium Owners' Association.

Knaub & Company, P.C.

December 5, 2014

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
BSWB operating account	\$ 1,008	234
BSWB interest bearing account	46,075	61,974
Certificates of Deposit	<u>109,765</u>	<u>100,411</u>
Total Cash accounts	156,848	162,619
Less Reserved Cash	<u>(93,850)</u>	<u>(103,719)</u>
Total Unreserved cash	62,998	58,900
Reserved cash	93,850	103,719
Assessments receivable	33,887	34,475
Less: Allowance for bad debts	(22,466)	(20,367)
Accrued interest receivable	175	168
Prepaid insurance and deposits	<u>4,114</u>	<u>4,098</u>
 Total current assets	 <u>172,558</u>	 <u>180,993</u>
 TOTAL ASSETS	 <u>\$ 172,558</u>	 <u>180,993</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:		
Accounts payable	\$ 32,163	33,680
Accrued interest payable	-	342
Prepaid assessments	1,313	3,220
Income taxes payable	142	50
BSWB Line of credit	<u>-</u>	<u>39,072</u>
 Total current liabilities	 <u>33,618</u>	 <u>76,364</u>
 TOTAL LIABILITIES	 <u>33,618</u>	 <u>76,364</u>
 FUND BALANCE:		
Reserves	93,850	103,719
Retained assessments	<u>45,090</u>	<u>910</u>
 Total fund balance	 <u>138,940</u>	 <u>104,629</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 172,558</u>	 <u>180,993</u>

See accountants' compilation report.

	ACTUAL 9/30/2014	BUDGET 9/30/2014	ACTUAL 9/30/2013
REVENUE:			
Owners' assessments	\$ 264,540	264,540	202,580
Penalty & interest income	2,019	1,000	2,889
Investment interest income	455	-	460
Laundry income	1,965	1,500	2,434
TOTAL REVENUE	<u>268,979</u>	<u>267,040</u>	<u>208,363</u>
OPERATING EXPENSES:			
Administrative			
Accounting	6,960	6,960	6,840
Insurance	24,899	27,000	24,464
Manager	33,000	33,000	33,000
Office/Postage	263	500	416
Annual corporate report	15	15	15
Income tax expense	142	50	50
Interest expense	545	1,000	3,054
Collection fees	326	-	1,286
Bad debt expense	2,099	-	5,120
Maintenance			
Building maintenance	1,596	3,000	3,648
Window washing	2,000	2,000	2,000
Chimney maintenance	3,900	4,000	4,000
Trim and deck stain	19,500	20,000	17,500
Entry Sign Replacement	-	-	2,875
Lawn maintenance & landscaping	21,353	21,000	20,119
Landscaping improvements	42,300	39,000	13,800
Recreation area			
Pool contract maintenance	15,000	15,000	15,000
Pool building maintenance	5,002	8,000	9,255
Pool supplies	2,696	2,500	2,574
Propane	4,764	5,000	4,104
Electricity - pool facility	5,128	5,000	4,574
Health dept. license	275	275	275
Security system	514	500	2,125
Telephone	392	500	430
Services			
Electricity	1,389	2,000	1,606
Garbage	10,051	11,000	10,419
Water and sewer	1,890	2,000	3,119
Snow shoveling	12,000	12,000	12,000
Snow plowing	6,800	7,000	5,400
TOTAL OPERATING EXPENSES	<u>224,799</u>	<u>228,300</u>	<u>209,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	<u>44,180</u>	<u>38,740</u>	<u>(705)</u>
Reserve additions			
Pool reserve	10,000	10,000	20,000
Re-siding reserve	10,000	10,000	-
Sprinkler replacement reserve	(20,000)	(20,000)	-
Roof	10,460	10,460	52,420
Total Reserve Additions	10,460	10,460	72,420
Reserve expenditures	(20,329)	-	-
Fund balance at beginning of year	<u>104,629</u>	<u>104,629</u>	<u>32,914</u>
Fund balance at end of year	<u>\$ 138,940</u>	<u>153,829</u>	<u>104,629</u>

See accountants' compilation report.

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Operating	Reserves					Reserve Total	Total
		Roof	Pool	Siding	Sprinkler System	Insurance		
REVENUES:								
Owners' assessments	\$ 264,540	10,460	-	-	-	-	10,460	275,000
Penalty & interest income	2,019	-	-	-	-	-	-	2,019
Investment interest income	455	-	-	-	-	-	-	455
Laundry income	1,965	-	-	-	-	-	-	1,965
TOTAL REVENUE	268,979	10,460	-	-	-	-	10,460	279,439
OPERATING EXPENSES:								
Administrative								
Accounting	6,960	-	-	-	-	-	-	6,960
Insurance	24,899	-	-	-	-	-	-	24,899
Manager	33,000	-	-	-	-	-	-	33,000
Office/Postage	263	-	-	-	-	-	-	263
Annual corporate report	15	-	-	-	-	-	-	15
Income tax expense	142	-	-	-	-	-	-	142
Interest Expense	545	-	-	-	-	-	-	545
Collection Fees	326	-	-	-	-	-	-	326
Bad debt expense	2,099	-	-	-	-	-	-	2,099
Maintenance								
Building maintenance	1,596	-	-	-	-	-	-	1,596
Window washing	2,000	-	-	-	-	-	-	2,000
Chimney maintenance	3,900	-	-	-	-	-	-	3,900
Trim and deck stain	19,500	-	-	-	-	-	-	19,500
Entry Sign Replacement	-	-	-	-	-	-	-	-
Lawn maintenance and landscaping	21,353	-	-	-	-	-	-	21,353
Landscaping improvements	42,300	-	-	-	-	-	-	42,300
Recreation area								
Pool contract maintenance	15,000	-	-	-	-	-	-	15,000
Pool building maintenance	5,002	-	-	-	-	-	-	5,002
Pool supplies	2,696	-	-	-	-	-	-	2,696
Propane	4,764	-	-	-	-	-	-	4,764
Electricity - Pool Building	5,128	-	-	-	-	-	-	5,128
Health dept. license	275	-	-	-	-	-	-	275
Security system	514	-	-	-	-	-	-	514
Telephone	392	-	-	-	-	-	-	392
Services								
Electricity	1,389	-	-	-	-	-	-	1,389
Garbage	10,051	-	-	-	-	-	-	10,051
Water and sewer	1,890	-	-	-	-	-	-	1,890
Snow shoveling	12,000	-	-	-	-	-	-	12,000
Snow plowing	6,800	-	-	-	-	-	-	6,800
Reserve expenditures	-	-	20,329	-	-	-	20,329	20,329
TOTAL EXPENDITURES	224,799	-	20,329	-	-	-	20,329	245,128
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	44,180	10,460	(20,329)	-	-	-	(9,869)	34,311
Fund balance at beginning of year	910	3,719	70,000	-	20,000	10,000	103,719	104,629
Transfers	-	-	10,000	10,000	(20,000)	-	-	-
Fund balance at end of year	\$ 45,090	14,179	59,671	10,000	-	10,000	93,850	138,940

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Operating	Reserves				Reserve Total	Total
		Roof	Pool	Sprinkler System	Insurance		
REVENUES:							
Owners' assessments	\$ 202,580	52,420	20,000	-	-	72,420	275,000
Penalty & interest income	2,889	-	-	-	-	-	2,889
Investment interest income	460	-	-	-	-	-	460
Laundry income	2,434	-	-	-	-	-	2,434
TOTAL REVENUE	208,363	52,420	20,000	-	-	72,420	280,783
OPERATING EXPENSES:							
Administrative							
Accounting	6,840	-	-	-	-	-	6,840
Insurance	24,464	-	-	-	-	-	24,464
Manager	33,000	-	-	-	-	-	33,000
Office/Postage	416	-	-	-	-	-	416
Annual corporate report	15	-	-	-	-	-	15
Income tax expense	50	-	-	-	-	-	50
Interest Expense	3,054	-	-	-	-	-	3,054
Collection Fees	1,286	-	-	-	-	-	1,286
Bad debt expense	5,120	-	-	-	-	-	5,120
Maintenance							
Building maintenance	3,648	-	-	-	-	-	3,648
Window washing	2,000	-	-	-	-	-	2,000
Chimney maintenance	4,000	-	-	-	-	-	4,000
Trim and deck stain	17,500	-	-	-	-	-	17,500
Entry Sign Replacement	2,875	-	-	-	-	-	2,875
Lawn maintenance and landscaping	20,119	-	-	-	-	-	20,119
Landscaping improvements	13,800	-	-	-	-	-	13,800
Recreation area							
Pool contract maintenance	15,000	-	-	-	-	-	15,000
Pool building maintenance	9,255	-	-	-	-	-	9,255
Pool supplies	2,574	-	-	-	-	-	2,574
Propane	4,104	-	-	-	-	-	4,104
Electricity - Pool Building	4,574	-	-	-	-	-	4,574
Health dept. license	275	-	-	-	-	-	275
Security system	2,125	-	-	-	-	-	2,125
Telephone	430	-	-	-	-	-	430
Services							
Electricity	1,606	-	-	-	-	-	1,606
Garbage	10,419	-	-	-	-	-	10,419
Water and sewer	3,119	-	-	-	-	-	3,119
Snow shoveling	12,000	-	-	-	-	-	12,000
Snow plowing	5,400	-	-	-	-	-	5,400
TOTAL EXPENSES	209,068	-	-	-	-	-	209,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(705)	52,420	20,000	-	-	72,420	71,715
Fund balance at beginning of year	1,615	(48,701)	50,000	20,000	10,000	31,299	32,914
Transfers	-	-	-	-	-	-	-
Fund balance at end of year	\$ 910	3,719	70,000	20,000	10,000	103,719	104,629

See accountants' compilation report.